



BOARD OF ETHICS
CITY OF CHICAGO

To: The Honorable Carrie Austin, Chair,
City Council Budget and Government Operations Committee

From:


Steven I. Berlin,
Executive Director

Re: **OPENING STATEMENT/FISCAL YEAR 2013 BUDGET**

Date: October 25, 2012

Overview: Now in our 26th year, the Board administers, interprets and enforces Chicago's Governmental Ethics Ordinance, and last year assumed responsibility for several critical legal compliance functions. The Board's educational and regulatory programs promote integrity, transparency and accountability in City government. Through our casework and enforcement programs, we advise more than 6,000 people each year on "doing the ethical thing," receive and/or refer complaints alleging violations, adjudicate cases (making final determinations as to whether ethics violations have occurred), and assess penalties and/or issue recommendations for corrective action, all in accordance with the law's confidentiality provisions.

Based on recommendations of the Mayor's Task Force on Ethics Reform (and those our agency submitted), the City's Governmental Ethics Ordinance has undergone an overhaul this year. Significant procedural reforms are still being drafted. Our new Board members will be seated in November 2012, just as the first set of legal changes takes effect. Our agency will have much greater responsibility to adjudicate and/or settle ethics violations after investigations conducted by the Inspector General and Legislative Inspector General, and will develop more training for employees, officials, and City vendors. We look forward to these challenges.

The Board has eight full-time employees, two of whom were hired in the past year. Our 2013 request and Mayoral recommendation reflect a 2.7% decrease overall from our 2012 appropriations. We are purchasing new educational software to make our training more "user-friendly" and to include videos and more dynamic graphics. Given our small staff's dedication and experience, I am confident that agency service levels will continue to exceed those of each passing year.

Highlights of 2012 achievements, and 2013 goals:

1. **Education:** Educating persons about the requirements and expectations in the Ordinance and other relevant rules and policies is a critical agency responsibility. We offer the following programs:

◆ **Mandatory Annual On-line Ethics Training.** The Ordinance requires that lobbyists, aldermen and all ~32,000 full-time City employees complete an annual ethics training program designed by the Board. The Board has administered and revised this program every year, producing three separate programs, while constantly monitoring City-wide compliance. Chicago's programs remain models nationwide—we are one of few jurisdictions requiring annual ethics education for all full-time personnel (and, since 2010, for registered lobbyists). With the assistance of Ethics Officers from every City department and aldermanic office, and under the Board staff's administration, the City achieved 100% compliance for 2006 through 2011: 37,643 in 2006; 36,598 in 2007; 35,776 in 2008; 34,138 in 2009; 32,832 in 2010; and 31,250 in 2011. Currently, 31,200 employees and officials are scheduled for 2012. Approximately 26,000—86%—have completed their requirement. Our City's perfect rate of compliance would be impossible without assistance from ethics Training Administrators. For 2013, we will again revise the programs completely and implement technical enhancements.

A mark of the success of our educational programs: the number of lobbyists and City employees and officials seeking confidential advice from our office continues to grow. We now receive nearly three times the requests than we did in the period just prior to the implementation of City-wide, all-employee training.

◆ **Mandatory Annual Lobbyist Training.** In 2009, City Council amended the Governmental Ethics Ordinance to require all registered lobbyists—currently 680 of them—to complete an annual ethics training program designed and administered by the Board. Chicago is the only government entity in the country to require its registered lobbyists to complete annual ethics training. All but 4 lobbyists completed the 2011-2012 training (they were found to have violated the Ordinance and fined \$750). The fully revised 2012-2013 training will be posted by year's end.

◆ **Face-to-face Training Seminars.** We conduct face-to-face ethics training seminars for approximately 3,000 City personnel who are required by Ordinance to attend ethics training every four years (aldermen and staff, City Council Committee staff and senior executive service employees). We also design and conduct other seminars upon request, including classes for appointed officials. Since November 2011, more than 750 City employees and officials have attended ethics seminars. The Board has also conducted two dozen classes for vendors and others.

◆ **Ethics Officers and Training Administrators.** Our work would be impossible without Ethics Officers representing every City agency and every aldermanic office. As of November 1, the role of Ethics Officer will be made into law. Ethics Officers are our eyes and ears, referring their employees and officials with substantive legal questions—especially regarding outside and post-employment matters—and assisting us with required filings and educational requirements. We will conduct yearly training for them, so that they remain abreast of the way we interpret the law.

◆ **New Training.** Recent amendments to the Ethics Ordinance require us to develop training for all appointed officials, new and departing employees, and as many vendors as we can reach. We are developing this training now and will have it available within the next few months.

◆ **Educational Materials.** Our website includes Ordinances, Rules and Regulations, redacted opinions indexed by subject matter, brochures, Annual Reports, and training videos. Guides for the public and for City vendors are available at City Hall and on our website. In the past year, we published and distributed 4 “Plain English Guides” covering political activity, contracting with the City, involvement in outside non-profit organizations, and guides for businesses and the public.

2. **Guidance and Casework:** Since November 2011, we have issued more than 6,000 *confidential* formal or informal advisory opinions (including many to City Council members and staff), and more than 260 written advisory opinions, responses and investigative reports. As provided by law, advisory opinions are made available for public review, with confidential information removed. All formal opinions issued by the Board since 1986 are on our website, indexed by subject matter. This is our “bread and butter” work. Helping City officials, employees and others comply with the law and stay “on the straight and narrow” is *the most effective way* to prevent misconduct and foster a culture of ethics in City government. But it does not make headlines when people comply with the law or “do the right thing” after consulting with us.

3. **Financial Disclosure:** The Ordinance requires certain City employees and officials to file annual Statements of Financial Interests with the Board. The Board prints, distributes, reviews and makes publicly available forms going back 7 years. Forms filed in 2009 and after are available on the internet. 2011 was the first year that City employees and officials were able to file their forms over a secure internet system. To date, 14,200 persons have filed 2012 Statements—85% of them using the on-line system. Very few government bodies enable their personnel to file on-line **and** make this information available to the public on-line.

4. **Lobbyist Regulation:** The Ordinance requires all who lobby City personnel to register annually with the Board and file quarterly activity reports giving detailed information about their lobbying clients, gifts they have offered, and political contributions they have made. Since November 2011, the Board has collected more than \$365,000 in lobbyist registration fees. In September 2011, amendments to the Ordinance took effect that, among other things: i) require full-time employees or officers of membership-based non-profits to register as lobbyists (though the Board can waive their registration fees); ii) require Shakman-exempt Executive branch employees and Mayoral appointees sign an ethics pledge binding them to a two-year lobbying ban after they leave City service.

5. **Campaign Financing:** Recent amendments to the Governmental Ethics Ordinance merge the former Campaign Financing Ordinance into one master ethics law. The law limits the amount of money that certain persons or entities (registered lobbyists, persons doing or seeking to do business with the City or its sister agencies) may contribute to elected City officials and candidates for elected City office, or to their political committees. The Board monitors compliance by examining filings made by political committees of City elected officials and candidates with the State Board of Elections, and comparing them to City and sister agency records and City Council proceedings. In accordance with the Municipal Code, the Board’s website contains a link to the list of City contractors, and links to similar sites maintained by sister agencies. It also has a link to the contribution disclosure

database maintained by the Illinois State Board of Elections. Note that the recent amendments to the Governmental Ethics Ordinance will subject excessive contributors and the political committees that accept excessive contributions to fines of up to \$5,000 or the greater of 3 times the excess contribution, and provides that their names will be made public after the Board so determines.

6. Compliance and Enforcement:

◆ **Complaints.** In May 2010, City Council granted the Board the authority and responsibility to determine whether there is reasonable cause to authorize the Legislative Inspector General to investigate signed and sworn complaints alleging misconduct by City Council members and employees. The Board is currently adjudicating several such investigations, consistent with the requirements of due process.

The Board may also: i) receive, initiate, refer or investigate complaints; ii) make determinations as to whether the Ordinance was violated; and iii) impose fines, settle cases, and/or recommend and assess appropriate corrective action or penalties. All complaints, investigations and recommendations are confidential, as provided by Ordinance. Since November 2011, the Board has received, dismissed and/or referred 24 complaints.

The Board prepares written reports of all findings, determinations and recommendations it makes on its own investigations. By law, these are sent to the Corporation Counsel (except in cases involving aldermen), the person(s) investigated, and others deemed necessary by the Board.

Note that the Ethics Task Force has recommended changes to the Ordinance that set out what we believe is the correct and proper relationship between the Board and the two Inspectors General: the latter agencies will investigate and then turn their findings over to the Board, which can either dismiss the reports, settle the matters with the subject(s), or enable the subject to have a full, evidentiary hearing, consistent with due process of law. No person can be determined to have violated the Governmental Ethics Ordinance unless a majority of Board members so determines.

◆ **Financial Disclosure Investigations.** The Board has collected more than \$22,000 in late filing fees for 2012. The Board also conducted and concluded 263 investigations of City employees and officials who failed to timely file Statements of Financial Interests (each was found in violation of the law). Board legal staff also reviews filings, and initiates appropriate follow-up action where a noncompliance is indicated.

Pursuant to the amendments to the Ordinance that take effect on November 1, 2012: i) the Board will establish new criteria for who files annual Statements of Financial Interests, based on job responsibility, not on salary (thus we expect the number of filers to drop from about 15,000 to 5,000 per year, enabling the Board to review all filed forms for potential conflicts of interests); ii) names of persons determined by the Board to have failed to timely file their forms will be made public, and they will be subject to a \$250 fine; and iii) the filing fee of \$20 will be eliminated.

◆ **Ethics Education Investigations.** Under current law, employees and officials failing to attend or complete their required ethics training are subject to investigation and \$500 fines or employment sanctions. Lobbyists failing to complete their required ethics training are subject to a \$750 fine. Since November 2011, the Board determined that 4 lobbyists failed to complete their 2011-2012 training and assessed fines of \$750 each for this failure. Under the law as amended, effective November 1, 2012, those who fail to complete required training will be fined \$250, and their names made public.

◆ **Lobbyist Investigations.** Lobbyists who fail to timely register or report are subject to fines (as are their clients) and/or suspension of their registration; the City may cancel contracts awarded based on unregistered lobbying. The Board has aggressively enforced these requirements. Since November 2011, the Board has commenced 115 investigations of delinquent lobbyists. In 4, it determined that a lobbyist failed to file reports as required, assessed fines, terminated their registration, and ordered that the fines would need to be paid were the lobbyists ever to lobby activity again; the other lobbyists brought themselves into compliance with the law.

◆ **Campaign Financing.** The Board can receive and investigate complaints alleging violations of the Campaign Financing Ordinance. Where campaign contributors appear to have exceeded the Campaign Financing Ordinance's limitations, the Board initiates investigations, determines whether the contributors have violated the Ordinance, and if so, effects corrective action. Since November 2011, the Board has closed 2 investigations after effecting corrective action.

◆ **Legal Compliance.** In this past year, the Board designed and administered training for more than 10,000 City employees from all departments on complying with identity protection laws. Currently, our staff is reviewing and updating the City's ambulance billing policy.

2013 Budget Hearing

MBE/WBE Data

Period: 2012 to date
Total Purchases: \$4500

	MBE	WBE	Total MBE/WBE Purchases
Asian	\$0 (0%)	\$0 (0%)	
African-American	\$3,263 (72.5%)	\$1,237 (27.5%)	
Hispanic	\$0 (0%)	\$0 (0%)	
Total Spending	\$3,263	\$1,237	\$4,500 (100%)

Staffing Data

Department Ethnicity and Gender				
	Male	Female	Total	%
Asian				
Black	1	1	2	25
Hispanic		2	2	25
White	3	1	4	50
Total	4	4	8	100
	50%	50%		

New Hires Ethnicity and Gender				
	Male	Female	Total	%
Asian				
Black				
Hispanic		1	1	50
White		1	1	50
Total	-	2	2	100
	-	100%		

Department Managers Ethnicity and Gender				
	Male	Female	Total	%
Asian				
Black	1			25
Hispanic				
White	2	1		75
Total				
	75%	25%		

Interns

[illegible]

**BOARD OF ETHICS
ORGANIZATION CHART
OCTOBER 2012**

8 FTE as of October 2012

